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The Pennsylvania State College

The Graduate School

Department of Economics

PROMOTION, ORGANIZATION, AND FINANCIAL DEVELOPMENT
OF THE LUMBER INDUSTRY IN THE
WILLIAMSPORT, PA., AREA.

A THESIS

BY

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for the degree of
Master of Arts

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Approved:

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Promotion, Organization and Financial Development of Lumber Industry in the Williamsport, Pa., Area.

I. Introduction.

This section contains the following material:

(a) growth of population and natural resources of Lycoming County; (b) importance of lumbering in the development of Williamsport; (c) definitions and phases of the lumber industry to be studied; (d) a description of the beginnings of lumber activities in Lycoming County; and (e) a brief sketch of the growth and decline of the lumber industry, from 1838 to 1900, which is the period that the author has surveyed. This period of years was chosen because it best represents the period of greatest importance of the lumber industry in the Williamsport, Pa., area.

(a) Growth of population and natural resources of Lycoming County.

Lycoming County, with Williamsport as the county seat, was organized in 1795. The county was originally a sub-division of Northumberland County. The present county is located in the north-central section of Pennsylvania. The county is bordered by the following counties: Tioga and Bradford on the north; Sullivan and Columbia on the east; Montour, Northumberland and Union on the south; and Clinton and Potter on the west. Williamsport, the county seat, is 94 miles north of Harrisburg, 77 miles west of Wilkes-Barre, and 70 miles south of Elmira, N.Y. ¹

1. Literary Digest Atlas of the World (1931)- page 68.

At the time of its organization, Lycoming County contained approximately 12,000 square miles. However, several other counties, in part or in whole, have been carved from this vast domain, till at the present time, 1933, Lycoming County has an area of only 1220 square miles.¹

The first population census of Lycoming County was made in 1800, at which time the population was 5,414. In 1810 the population had increased to 11,006; in 1820 to 13,517; in 1830 to 17,636; in 1840 to 22,649; in 1850 to 26,257; in 1860 to 37,399; in 1870 to 47,626; in 1880 to 57,848; in 1890 to 70,579; in 1900 to 75,663; in 1910 to 80,813; in 1920 to 83,100; and in 1930 the population had risen to 93,421. The relatively slow increase in population up to 1850 is due to the fact that slices of territory were continually being taken from the county to make portions of new counties.² After 1850 the population of Lycoming County had a more steady growth, because no more territory was taken to make new counties. The lumber industry also was a factor in the population growth of the county, especially from 1850 to 1900.

The main range of the Allegheny Mountain Chain cuts across Lycoming County. In this range there are found limestone formations, red shale, sandstone, and productive coal deposits, especially at the tops of the mountains.³

1.Col. Lloyd--"History of Lycoming County"--page 116.

2.Meginniss--"Resources and Industries of Williamsport"--

3.Col. Lloyd--page 144.

The red shale is noted for producing good agricultural lands, affording a luxuriant growth of grasses and excellent soil for fruit. Pine and Lycoming Creeks have cut their way across the entire mountain plateau, making gorges of canyons of 800 to 1200 feet in depth.¹

Lycoming County has only a few workable coal beds. One or two small beds have been worked out, and there is one undeveloped bed which is estimated to contain eleven million tons of coal.²

The iron ores of the county are also not important. In some places the ore analyzes as high as 39% metallic iron, but there is difficulty in extracting the ore from the deposits. Except for a few outcroppings on the sides of the mountains, the ore is not near enough to the surface to make production profitable.³

The county is well-blessed with building stones. Many fine houses have been built from the mountain stone and there are excellent flagstones to be used for city walks.⁴

By far the greatest natural resource which nature gave to Lycoming County was the remarkable timber growth. When the early settlers came to this territory, they had to cut some of the timber in order to clear sections of ground for agriculture.⁵

1.Col. Lloyd--page 145; 2. Ibid. page 150; 3. Ibid--page 151; 4. Ibid.--page 153; 5. Ibid.--pages 154-156.

Until 1838, agriculture was the chief industry, followed by iron manufacture and coal mining. Then the people seemed to realize that there were tremendous opportunities to become rich by developing a lumber industry. Sawmills soon sprung into existence and importance, and the lumber industry was on its way to put the city of Williamsport in an enviable position.¹

(b) Importance of lumbering in development of Williamsport.

Williamsport became a lumbering town because from the time of the promotion of the "Big Water Mill" in 1838, to the decline of the industry after 1900, lumbering was the only important industry in the city. Fortunately, some Williamsport men saw that the lumber industry was bound to decline, and these men started to bring new industries to the city. The sum of \$400,000 was subscribed to help in the movement. So successful was the plan that by 1929, the city had 84 different varieties of industries.²

Williamsport was located in the heart of the pine and hemlock forests of central and northern Pennsylvania, which caused most of the lumber business to be transacted in Williamsport.

Another very important factor in the development of Williamsport was the proximity of the West Branch of the Susquehanna River, with its feeder streams, Pine, Larry's,

1. Ibid. pages 154-156.

2. Ibid. page 321.

Lycoming, Loyalsock, and Muncy Creeks. It was thus quite easy to raft out the cut logs down to the sawmills at Williamsport and make the resultant lumber.

(c) That lumbering was important in the development of Williamsport is shown by the value of the industry. From 1838 to 1900, over \$10,000,000 was invested in sawmills, and between 2000 and 3000 men were employed annually. The value of the product, rough timber or finished, averaged \$7,000,000 per year.¹

(c) Definition and phases of lumber industry to be studied.

In this thesis, the author deals only with those phases of the lumber industry which have to do with promotion, organization, and financial development of certain important lumber companies, typical of the periods of development. The author gives some background showing how the timber was logged and sent to the sawmills, as well as where the rough or finished products were sent. Probably some of the terms used later may seem a bit hazy, so an explanation will be made here. Logs are really only trees which have been cut down, while boards are made by cutting logs lengthwise. Other terms, such as framing, shingling, planing, etc. are used in describing the further operations performed on boards, after they come from the sawmill.

The chief part of the work is directed at the development of mills in and around Williamsport; how the germ

1. James Hefebaugh--"Development of the Lumber Industry of America."--page 602.

of promotion was engendered in the heads of certain far-sighted individuals; how the actual work of organization was carried on; and how the businesses were financed, as particular companies or as groups of companies (sawing, planing, and furniture companies).

Finally, the author attempts to draw some conclusions regarding the comparative importance of the lumber industry in the development of Williamsport, and the characteristics of the development of the lumber industry itself, as revealed in the promotion, organization and financial structures of its business units established in or near Williamsport.

(d) Beginnings of lumber activities in Lycoming County.

The original lumber activities in Lycoming County comprised several small mills established in the latter part of the eighteenth century. The following are matters of record.

(1) Andrew Culbertson established his sawmill in 1773.¹ He evidently arrived in Lycoming County from the present town of Lewisburg, where he had been residing. Immediately upon his arrival, in 1773, he purchased a 411 acre tract of land, located on the south side of the Susquehanna River, in a district now known as Dubois-town (across the river from Williamsport).

Culbertson was a very energetic man. He soon erected a small sawmill and a grist mill. Next he built a

¹. Meginniss-"History of Lycoming County"--pages 518-522; Defebaugh--page 592.

large comfortable house for his family. A little later he established a distillery, and a mill for expressing nut and linseed oils. He soon became a well-known man in business circles.

The sawmill which Culbertson erected was a simple log structure, receiving water power by a 2-foot mill race which came from a dam in a small creek a mile away from the sawmill. There was no financial outlay, as the actual construction and operation were carried on by Culbertson and his family.

During the "Big Runaway" of white inhabitants from Indian marauders in 1778, Culbertson was forced to leave his possessions and go to Fort Augusta at Sunbury. Upon his return, he rebuilt the sawmill which had been burned by the Indians. This second mill he made much larger to take care of increased business. Culbertson's second mill was standing until 1857, when it was torn down by Solomon Moyer, to be replaced by a still larger mill. The third sawmill on Culbertson's original site was in existence until 1880.

(2) Roland Hall established a mill in 1792.¹ His mill, like Culbertson's, was very small and sawed only timber to be used in the early houses in Williamsport. The mill was a few miles north of Williamsport, on Lycoming Creek, and secured its power from that creek. The mill was promoted, organized, and financed by Hall, himself.

1. Defebaugh-- page 592; Meginniss--page 353.

(3) Thomas Caldwell's and Samuel Torbert's mills were established in 1798.¹ Roland Hall's mill in 1792 must have been successful to some degree, for in 1798, competition in the form of two new mills developed. Thomas Caldwell, who already had a grist mill, merely added a sawmill to his establishment, and Torbert's mill was put up quite close to the other two. The author was unable to discover whether or not the mill owners cut the logs for these early mills.

None of these early sawmill owners made large fortunes, because the time for extensive operations was not at hand. Not until 1860 to 1880 were there fortunes made from lumbering activities in Lycoming County.

(e) Growth and decline of the lumber industry.(1838-1900).

The author now gives a resume of the lumber industry around Williamsport after the time of its inception through its prosperous years, and into its subsequent decline. This brief discussion will show why lumbering was of any importance at all in the Williamsport area of the West Branch Valley, and will indicate what factors are important in the development of lumbering.

As has already been pointed out, **the business of manufacturing lumber in Williamsport, had its first outcroppings a few years before the Revolutionary War.** The earliest mills were promoted, organized and financed as individual proprietorships. They were established for

1. Defebaugh--page 592; Meginniss--page 353.

local business purposes (building houses and other structures in Williamsport), with no thought of finding any outside connections to get rid of the surplus product.

The first large lumber mill was the "Big Water Mill"¹ of Cochran, Biers and Company, established as a corporation in 1838. This mill was run by water power and had what, at that time, were up-to-date improvements. The original owners of the mill ran the financial affairs of the company at a loss, and, as a result, were forced to sell out to Updegraff and Armstrong in 1841, as a partnership. This partnership sold out to Major Perkins in 1846. Perkins retained control of the mill for a few years and then started another partnership with two more men. In 1854, Perkins sold his interest in the business to Peter Herdic, so that he, Perkins, could study the proper location of the Susquehanna Boom.

As soon as it was seen that the "Big Water Mill" was a successful venture, other men started to promote mills. Timber cutting increased rapidly, in Lycoming County, and every tributary of the Susquehanna River had its quota of logs floating to the mills.

At the height of the lumber industry in the Williamsport area (1870), it is estimated that seventy-five sawmills were in operation, and the yearly output of sawed timber was 400 million feet.² Besides the output of the sawmills, there were millions of feet of timber floated

1. Col. Lloyd--page 319; Meginniss--page 353; Defebaugh--page 593.

down the streams in small rafts, which did not go into the various lumber booms, but were sawed into lumber at smaller mills along the Susquehanna River west of the booms.¹ These booms were structures built out of logs, in the form of "cribs". The cribs were placed at intervals of 200 hundred feet in the center of the river, and extended west of the city for a distance of several miles. The cribs were connected by logs driven into the river bed, so that when the spring floods floated the newly-cut logs down the river, all these loose logs would be caught in the boom. During most of the period of lumber importance in Williamsport, there were five booms on the river to catch the logs. Before the erection of the booms, logs had to be caught by men who went out into the river in small boats and captured the logs by means of long, spiked poles. However, many logs were lost by this method.

The first steam sawmill was put into operation by Peter Tinsman and George Quinn, who operated it from 1852 to 1856.² The steam mill was a great help to the sawmills, because sawdust, which had hitherto been burned as waste, could now be used as fuel in the steam-driven mills.

1. Col. Lloyd--page 158 "At the height of the lumber industry it is estimated that as many as 75 saw mills, including those in Williamsport, were in operation in Lycoming County, the yearly output of which was in the neighborhood of 400 million feet of sawed lumber. During its ascendancy (lumber industry), 7 billion feet of logs were sawed up in different sections of the county."

2. Meginniss--page 354.

One of the most important early lumber partnerships started in 1859.¹ Its originators were Peter Herdic, George W. Lentz, John White and Henry White. Herdic withdrew in 1867 after which the firm was known as White, Lentz and White. The cut of lumber from this mill was from 15 to 20 millions of feet per year, and its owners became rich.

When the Susquehanna Boom Company (chartered in 1846) had successfully built a large boom in the river, many new mills were erected. The Civil War caused a great demand for lumber, prices advanced rapidly, and the business of sawing lumber became all-important to the inhabitants of the West Branch Valley.² Farming lands, for a time, were disregarded in favor of timber lands, as everybody rushed to garner profits from lumbering.³ From 1862 to 1906, there passed through the Susquehanna Boom 42,980,186 logs. These logs had a board measure of 7,061,489,760 feet.⁴ In 1886, out of 35 Williamsport industries surveyed, the lumber industry ranked first. At that time the capital invested in lumber interests was \$9,000,000, while the total capital for all 35 industries was \$14,292,100.⁵ The years in which the lumber industry was prosperous were, roughly speaking, from 1866 to 1898.

1. Meginniss--pages 354, 355; 2. Ibid. page 355; 3. Col. Lloyd--pages 156-157; 4. Defebaugh--page 599; 5. Resources and Industries of Williamsport--page 64.

After 1890, the nearby timber resources had been nearly all used, ^{up} and the logging crews had to go back further in the woods to get suitable trees for cutting. Lumber men, up to this time, were very optimistic and thought that the supply of timber was inexhaustible, but by the turn of the present century, timber cuttings had diminished so much that many mills were either forced out of business, or else the mills were moved back into the woods to be near the source of raw materials. In 1880, there were 38 mills in Williamsport proper, while in 1902, the logs in the booms were owned by the comparatively small number of nine sawmills.¹ By 1907, this number had been decreased to three, and at the present time, 1933, there are no sawmills in Williamsport.

II: Beginnings of the Lumber Industry in Williamsport.
(1838-1850).

Lumbering activities in Williamsport from 1838 to 1850 are centered around the establishment of the "Big Water Mill", which was the first sawmill in the limits of present-day Williamsport. Also, two of the lumber pioneers, Major Perkins and Peter Herdic, came to this district during this period.

(a) Organization and financing of the "Big Water Mill" of Cochran, Biers and Company in 1838.²

Most of the facts about the establishment of the "Big Water Mill" have been previously mentioned.

1. Defebaugh--pages 599-600; 2. Meginniss--pages 353-354;
Maxwell-"Peter Herdic"--
page 8.

The name "Big Water Mill" was applied because the mill had four "up and down" saws, or English gates, and the power was furnished by four reaction water wheels of Johnson's patent.¹ This first mill was started as a corporation, but in 1841, after a sheriff's sale, a partnership was set up. This partnership (Updegraff and Armstrong) sold out to Major Perkins in 1846, who, in turn, sold his interest to Peter Herdic in 1854.

The common method of establishing the early companies was as follows: The procedure was usually started by a man who had one or more tracts of sawable timber. He would arrange for a financier to put up the necessary capital for the erection of a sawmill. A general partnership was the ordinary plan. The owner of the timber lands was given a valuation on his lands, and the financier, as the other partner, contributed the cash.

When profits were realized, each of the two or more partners was repaid in proportion to the amount of his investment. Sometimes these partnerships were dissolved to become incorporated. Then, as is the rule now, stock was issued to cover the amount of investment.

(b) The coming of Major Perkins in 1846, and his influence on the lumber industry to 1870.²

Major James H. Perkins, at the time of his arrival in Williamsport, was 43 years of age, having been born

1. Stewart-"History of Lycoming County-Illustrated."-page 46.
2. Col. Lloyd-pages 349-353; Meginniss-pages 359, 725-726.

in New Hampshire in 1803. He came to Williamsport from Philadelphia as a retired manufacturer, with enough money to keep himself comfortable the rest of his life. But, as an inactive existence was not pleasing to him, he decided to take an interest in the fast-growing lumber industry.

As mentioned previously, the first purchase which Perkins made in Williamsport was the "Big Water Mill." He soon put the mill on a paying basis. One major reform which he instituted was that of making cash payments for labor. This had not been done extensively in the Williamsport lumber industry to this time, and, naturally, people were sure that Perkins would quickly be ruined. However, this plan was a decided success. Perkins operated the "Big Water Mill" till he sold his interest in 1854 to Peter Herdic. Then Perkins erected, in Duboistown, a steam mill which he ran for about fourteen years.

By far the greatest contribution to the lumber industry in this district, coming from Major Perkins, was his planning and construction of the famous Susquehanna Boom. There was so much opposition to a boom, something about which most of the early inhabitants knew nothing, that Perkins was finally forced to offer to build a trial boom at his own expense, if the residents of the locality would petition the state legislature for a charter to incorporate a boom company.

A charter was finally granted and a small boom was erected in 1849. The boom proved to be such a success that a stock company was organized and a new boom was constructed. A Maine lumberman, John Leighton, who came to Williamsport with Major Perkins, superintended the actual construction of the boom.

Perkins continued in the lumber business until 1870, when he retired. Peter Herdic, who was becoming influential at this time, soon gained Perkins' position of prominence.

(c) Peter Herdic and his mills.¹

Peter Herdic is often referred to as the man who "made Williamsport". Next to Major Perkins, Herdic is undoubtedly the most prominent figure in the development of the Williamsport lumber industry.

Herdic was born in southern New York State in 1824. He was a very thrifty person, and at the age of twenty secured his first paying job in a New York State saw mill. After working a few weeks, he decided to strike out for Pennsylvania and try his luck in the Lumber field.

In 1846, Herdic and William Andrews arrived in Cogan House Township, Lycoming County, nine miles north of Williamsport, where they bought interests in a shingle mill, from which Herdic saved \$2500 in three years. Herdic next bought a woodlot in the same township, and erected a sawmill of his own. From this venture he realized \$10,000 from the wood, and \$1,200 for the sale of the mill.

1. Col. Lloyd--pages 474-487; Meginniss--pages 728-729; New York Sun Story--"Peter Herdic"; Maxwell--"Peter Herdic".

The prosperity of Williamsport dates from the time that Peter Herdic settled there, in 1853. In this same year, the first railroad in this section made connections with the then small village of less than 2000 inhabitants.

Herdic by this time was becoming famous as a shrewd financier and promoter. He seemed to realize that lumber would soon become a substantial industry in Williamsport, and for this reason, devoted all his interests to its development.

When Herdic and his wife, whom he had married in 1846, moved to Williamsport, Herdic started to buy up real estate as fast as he could get money to do so. This real estate comprised building lots, wood lands, and lots where sawmills were later erected.

The first sawmill interest bought by Herdic in Williamsport, was a one-fourth interest in the "Big Water Mill", for which he paid \$7,000 in 1854. This mill was run until burned in 1863, after which it was not rebuilt.

Herdic's business interests increased rapidly, and at one time, he was the sole owner of 54,000 acres of timber land in Lycoming, Clinton, Potter, Tioga and Cameron Counties.

Probably the most important financial deal which Herdic engineered was the purchase from Major Perkins of the Susquehanna Boom. Mahlon Fisher and John G. Reading were partners of Herdic in this deal which was transacted in 1857. As Herdic by this time had become an important political power, he had little trouble in persuading the state legislature to increase

state legislature to increase the boom tolls to \$1.25 per thousand feet, from \$.50 per thousand feet.

In some years as high as 300 million feet of lumber passed through the boom, and as the capital stock never exceeded \$100,000 for the first fifteen years (till 1865), it can readily be seen how enormous were the profits. The total income of the company for the first eight years after the increase of tolls was \$2,272,188.

Herdic, by 1872, had acquired control of the principal industries of Williamsport. He purchased the gas works, built a water work, built a large hotel, sold large tracts of land to railroads to locate in Williamsport, built a street-car line, built a large business block, bought coal lands, started a rubber work, owned a brush factory, built a bridge over the Susquehanna River, owned the local newspaper, etc. In addition to these diversified activities, Herdic donated many plots of land for the erection of churches, besides erecting municipal buildings and giving them to the city, which he had incorporated in 1866.

It has been said that Peter Herdic was a speculator, but even if this were true, his investments or speculations turned out remarkably well till the panic of 1873. As a result of great losses during this panic, Herdic became bankrupt in 1878, failing with liabilities of \$1,800,000 and no assets.

Even then Herdic started to make a comeback, and he began building waterworks in communities near Williamsport. While superintending the construction of a dam for a waterwork at Huntington, Pa., he slipped on the ice and received injuries which later proved fatal. Herdic died in 1888, and soon after his death, the prosperous lumber industry began to decline.

III. Financial Development of Important Lumber Firms. (1850-1900).¹

This section contains data on the promotion, organization and financial development of fourteen typical lumber companies, during the period when lumbering was of first importance in Williamsport, namely between 1850 and 1900. All material presented in this particular section is the direct result of investigations conducted by the author in the Register and Recorder's Office of Lycoming County, the office being located at the County Court-house, Williamsport, Pa. The author was unable to peruse the books of any one specific company, chiefly because such documents have been destroyed, or have been lost or burned since the lumber companies were in existence. Therefore, what data the author has been able to collect has come from the Recorder's Office, or from personal interviews with former lumber company bookkeepers, or from residents (not connected with lumbering) of Williamsport during the latter part of the nineteenth century.

1. Note on next page.

Although, strictly speaking, the author's survey covers the period from 1850 to 1900, one important company was chartered as early as 1838. This company was the one which controlled the famous "Big Water Mill", and was known as the Williamsport and Philadelphia Lumber Company. The capital stock of this company was real estate and personal property of a value of \$150,000. This was divided into 1,500 shares of common stock at \$100 par value. Control of the company was in the hands of a board of directors, consisting of five men, elected annually, each of whom had to have at least 20 shares of capital stock. The directors appointed a treasurer, a secretary and other officers necessary to run the business.

At the first meeting, the directors issued 1000 shares of common stock to pay for the property turned over to the company by interested parties. The remaining 500 shares were to be sold later as the directors saw fit.

In this early company a reserve fund of \$20,000 was set aside to meet any danger arising from flood, fire, or other unforeseen catastrophe. This custom was not generally followed by later lumber companies.

In spite of the good set-up of this company, in 1841 the business was sold by the sheriff. In 1846, Major Perkins bought the property and he sold out to Peter Herdic in 1854. Herdic ran the mill till it burned in 1863.

1. Material found in Register and Recorder's Office, listed under Grantor Index, volumes I and II. Also some facts were received from E.A. Shaffer and William Campbell; former bookkeepers for Dodge Mills, Inc.; and Harry Blair of Tinsman Lumber, Co.

The "Big Water Mill" sawed much pine lumber at first. Later, when hemlock was cut, this mill got its share of sawing of hemlock..The only product made by this sawmill was the rough unfinished boards, as was the case in many other sawmill companies.

The West Branch Lumber Company was the next firm found which had been mentioned in the Register and Recorder's Office. The capital stock of this company was \$500,000, with 10,000 shares of common stock at a par value of \$50. The sum of \$10,000 had been paid in on account of the capital stock when the company was organized. This company was started in 1865 by Peter Herdic, who organized many other early companies. This company also sawed pine and hemlock lumber.

The Williamsport Iron and Lumber Company, a small concern, was started in 1869. The capital stock was \$25,000 with 250 shares of common at \$100 par. Ten per cent, or \$2,500, had been paid in to the treasurer at the time of organization. This firm cut pine and hemlock logs.

No companies were recorded from 1869 until 1885, when Strong, Deemer and Co., Limited, was organized. As the title shows, this was a limited partnership. The total capital was \$25,000 with \$6250 paid in to the treasurer at the time of organization. The partners and their subscriptions were; James Strong \$8750; Archipus P.Strong \$1250; Elias Deemer \$6250; and John H.Hunt \$6250.

The duration of the partnership was set for one year to Jan.14, 1886. In 1886, the company evidently was conducting a good business, for the capital was increased by \$50,000, making the total capital \$75,000. All the partners subscribed for this additional capital and paid it in as the association demanded it.

After this the partnership was continued each year until 1892, when it was decided to have a five-year continuation. Again, in 1897, the partnership was continued to 1902, with the capital remaining at \$75,000. This sawmill was peculiar in that it specialized in cutting oak logs. However, some pine and hemlock were cut.

Early in 1887, the Richter-Benedict and Company, Limited, was organized. This limited partnership, which preceded that of W.Richter's Sons and Company, had a capital of \$40,000, all paid in at the time of organization. This association continued for only three years, after which the Richter's Sons and Company was formed.

The next company found was the Williamsport Lumber Company (1888), incidentally the smallest, having a capital of \$24,000. There were 240 shares of common stock at a par value of \$100.

The Consolidated Lumber Company (consolidated in name only) was formed in 1888 with a capital stock of \$150,000, divided into 1,500 shares of common stock at \$100 each. These last four companies also cut some pine, hemlock and spruce, as well as other varieties.

On Dec. 31, 1889, W.Richter's Sons and Company was formed from the Richter-Benedict Company. The next day, Jan. 1, 1890, this company (W.Richter's Sons and Company) was established as a limited partnership for five years to Dec. 31, 1894. There were four general partners: Washington Richter, Joseph Richter, Michael Myers, and Frederick Richter. The special partner, Frank Benedict, contributed \$20,000 cash, for which he received partnership shares in the firm. Together with the \$40,000 from the preceding partnership, W.Richter's Sons and Co. had a capital of \$60,000.

This partnership was continued from Jan.1,1895 to Dec. 31,1899, and again from Jan.1.1900 to Dec.31,1904. This company sawed the usual run of lumber with hemlock predominating , especially after 1890.

The Williamsport Land and Lumber Company was formed in 1890 with a capital stock of \$100,000. There were 1000 shares of common stock at \$100 par, and they were all subscribed to by nine men. This company cut the usual run.

In the case of the Emery Lumber Company, founded in 1890, the capital stock of \$100,000 (1000 shares of common at \$100) was subscribed to by only five persons, with John B.Emery taking 980 shares himself. This firm cut more hemlock and spruce, because the pine was rapidly disappearing.

Two hundred and seventy-five shares of the stock

subscribed by John B. Emery were paid in full and not liable to any further calls or assessments in consideration of the conveyance by the said John B. Emery of \$27,500 in real estate to the company. John Emery also received 240 shares in return for conveying \$24,000 of personal property to the company.

The Corcoran Lumber Company, incorporated in 1890, was so-called because F. H. Corcoran was the biggest subscriber. The capital stock was \$50,000, divided into 500 shares of common stock at \$100 par. Much hemlock and little pine was cut by this sawmill.

The York Haven Lumber Company, established in 1894, was another case where one man alone dominated the affairs of the company. The capital stock was \$50,000, divided into 500 shares of common stock of \$100 par. George B. Merrill was the largest stockholder, with 490 shares. This sawmill cut both pine and hemlock logs.

In 1897, the Merriman Lumber Company, was organized. The amount of capital stock of this corporation was \$25,000, divided into 250 shares of common stock of a par value of \$100. Ten per cent, or \$2,500, had been paid in to the treasurer of the company at the time of organization. Pine and hemlock both were cut.

The last company was the Bowman-Foresman Lumber Company, incorporated in 1898. This company had a capital stock of \$150,000, divided into 1,500 shares of common stock at a par value of \$100. Six subscribers absorbed all

Name of company (Lumber)	Services rendered, purpose, or products produced	Form of organization	Date of formation	No. of directors or owners	Common stock	Amount of capital or partnerships
1. Williamsport Phila. Lumber Co.	Pine & hemlock	corporation	1838	5 directors	\$150,000	—
2. West Branch Lumber Co.	" "	"	1865	5 "	500,000	—
3. Williamsport Iron & Lumber Co.	" "	"	1869	5 "	25,000	—
4. Strong, Deemer & Co.	soft lumber	partnership	1885	5 partners	—	25,000
5. Richter-Benedict & Co.	Pine & Spruce	"	1887	5 "	—	40,000
6. Williamsport Lumber Co.	Pine & hemlock	corporation	1888	5 directors	25,000	—
7. Consolidated Lumber Co.	" "	"	1888	5 "	—	—
8. W. Richter's Sons & Co.	" "	partnership	1889	5 partners	100,000	—
9. Williamsport Land & Lumber Co.	" "	corporation	1890	5 directors	—	60,000
10. Emery Lumber Co.	" "	"	1890	5 "	100,000	—
11. Corcoran Lumber Co.	" "	"	1890	5 "	100,000	—
12. York & Hoxen Lumber Co.	" "	"	1894	5 "	50,000	—
13. Herriman Lumber Co.	" "	"	1897	5 "	50,000	—
14. Bowman-Foresman Lumber Co.	" "	"	1898	5 "	25,000	—
					150,000	—

the stock that was issued. In this instance, as in all the others which the author studied, at least ten per cent of the capital stock was paid in to the treasurer of the particular company at the time the company had been organized. The Bowman-Foresman Company cut the same kinds of logs which the other firms did, namely, pine, hemlock and spruce.

As can easily be ascertained from the foregoing material, the smallest capitalized company found was the Williamsport Lumber Company, with a capitalization of \$24,000; while the largest company was the West Branch Lumber Company, with a capitalization of \$500,000. By dropping out the company with the \$500,000 capitalization, the average capital is seen to be \$73,000.

A peculiarity about the lumber industry in the Williamsport, Pa. area is that common stock alone was used in financing the various companies. No bonds or preferred stocks were recalled by any of the men whom the author interviewed.

Generalizations on promotion, organization and financial development of these fourteen companies will be brought out in the last section of the thesis.

IV. Factors Affecting the Development of Fourteen Companies Between 1846 and 1896.

These important factors are as follows: development of the Susquehanna and other booms; effect of floods on the booms and the lumber industry; labor difficulties;

organization of the West Branch Lumbermen's Exchange; expansion of market; and fire losses.

1. Development of the Susquehanna and other boom companies, from 1846 to 1870.¹

(a) Promotion of the Susquehanna Boom.¹

John Leighton, a Maine lumberman, was really the first man to foresee how important the Williamsport lumber industry would become. In the spring of 1836, Leighton came to Williamsport with the intention of finding a good location for a boom in the river. Before and during the time of Leighton's visit, logs floated down the river were caught by men in small boats. Men had to stay on the river at night and, by the light of pine torches, they would be able to see the logs to be caught. This was an expensive procedure as many logs were missed, so Leighton's idea of a boom to catch the logs was excellent. Leighton journeyed far up the West Branch of the Susquehanna River and was amazed at the remarkable stand of timber in the northern tier counties.

After having decided on "Long Reach", a few miles up the river west of Williamsport, as the ideal location for his proposed boom, Leighton returned, by way of Philadelphia, to Maine, where he tried in vain to persuade capitalists to finance his venture.

In the fall of 1844, Leighton met Major James H. Perkins in Maine and told him of his plan to build a

1. Meginniss-pages 356-361; Col. Lloyd-pages 353-354; Resources and Industries-pages 43-46; Defebaugh-pages History of Ly. Co. Illustrated-pages 45-49; 596-598.

boom in the Susquehanna River to catch logs. As a result of this and other meetings, Perkins and Leighton came to Williamsport in December, 1845, to look over the situation.

Perkins was so pleased with the outlook that he and Leighton proposed to ~~but~~ the only sawmill then in Williamsport, the "Big Water Mill", erected in 1838, provided that the legislature would grant them a charter to form a boom company. However, the boom charter was not immediately granted.

Finally, Perkins offered to build a boom at his own expense, if the residents of the town of Williamsport would petition the legislature for a charter for the company. This proposition was accepted, the charter was granted in 1846, and in 1849 Perkins built a small boom which earned him a good return on his investment. Because of the success of this first boom, interest was soon stirred up in the community, and the Susquehanna Boom Company was organized to erect a larger boom.

(b) Organization and financial plan of the boom companies.

The Susquehanna Boom Company was incorporated in 1846, but Perkins did not build the first small boom until 1849. The original stock issue of the company was limited to 100 shares of common stock of the par value of \$100 each, and the following men were stockholders: John DuBois, 25 shares; Mathias DuBois, 25 shares; Isaac Smith, 20 shares; Elias E. Lowe, 5 shares; James H. Perkins, 24 shares; and John Leighton, 1 share.

Actual construction of the new boom was begun on November 6, 1849, one day after the first organization meeting was held. After the initial \$10,000 had been expended in the building of the boom, the Board of Managers secured an additional \$5,000 for further construction by laying assessments on the capital stock.

The new boom was completed in February, 1851, and in February, 1852, the original capital stock was increased from \$10,000 to \$20,000. This additional capital was used to enlarge the capacity of the boom. The capital stock increased until in 1886, it had reached the issue of \$969,600. But by this time, the boom had been extended up the river for a distance of several miles.

A few months after the Susquehanna Boom was completed (in 1852), the Loyalsock Boom Company was organized, being composed of mill-owners below the dam of the Susquehanna Boom. The Susquehanna Boom first charged \$.50 per thousand feet for logs caught in the boom, plus a small charge for rope used in tying the logs into rafts. When the rafts went over the dam to the mills below the boom, the rafts were usually broken up, and much time and money were spent in collecting them again. Consequently, the Loyalsock Boom was erected for the purpose of catching these logs which had come down from the upper boom

After the Loyalsock Boom was constructed, the Susquehanna Boom was ordered by the State Legislature to allow the logs for the lower boom to pass through the upper boom. But the Susquehanna Boom Company continued to charge the Loyalsock Boom Company 8¢ per thousand feet for logs passing through the upper boom. Each day the Susquehanna Company would send the Loyalsock Company a bill for logs passed through the boom, and whenever the latter company refused to pay, the Susquehanna Company would secure a judgment note to receive payment.

This state of affairs continued until 1857, when both companies successfully petitioned the legislature to allow them to merge. Stockholders in the Loyalsock Company traded their shares equally for those of the Susquehanna Company. In addition, the Loyalsock stockholders received extra stock in payment of the value of their boom property, which was appraised at a figure higher than the total of the capital stock outstanding. The officers of both companies resigned, and a new directorate was established. The name of the consolidated companies was the Susquehanna Boom Company, with and original capital stock, all common, of \$40,000.

The table on the next page shows the number of logs which passed through the Susquehanna Boom, from 1862 to 1885, inclusive. It also shows the board feet of lumber in these logs.

Business of the Susquehanna Boom.¹

Years	Number of Logs	Feet, Board Measure
1862	196,953	37,853,621
1863	405,175	76,475,826
1864	511,549	76,895,681
1865	379,392	72,421,468
1866	615,373	118,831,494
1867	833,388	163,196,511
1868	853,663	165,338,389
1869	1,080,511	223,060,305
1870	1,099,777	225,180,973
1871	842,129	166,661,181
1872	1,484,103	297,185,652
1873	1,582,460	318,342,712
1874	989,586	180,734,382
1875	1,096,897	210,746,956
1876	715,087	134,396,293
1877	598,827	106,944,257
1878	617,552	112,069,602
1879	1,040,278	190,549,111
1880	788,104	133,078,017
1881	1,629,904	289,826,780
1882	1,368,507	220,136,306
1883	1,874,655	303,769,838
1884	1,449,768	240,382,208
1885	1,350,951	225,347,555
Total	123,404,589	4,309,125,118

Annual

average-- 975,192

179,546,879

By estimating the valuation of this lumber to \$15 per thousand feet, the total valuation for the twenty-four years would be \$64,636,876.77. This still does not represent all the lumber handled in the Williamsport area during this period, because many logs did not pass through the boom, but were cut at mills along the banks of the river above the boom.

1. Resources and Industries of Williamsport--page 45.

2. Effect of floods on the booms and the lumber industry as a whole.

(a) Flood of 1860.

The flood of 1860¹ was the first disaster to hit the Williamsport lumber industry, after the construction of the Susquehanna Boom. There had been minor floods before, but none so devastating as the one which occurred in the spring of 1860.

The boom cribs had not been made very strong, so when the flood hit the boom, the logs within the boom broke through. About 50 million feet of logs were lost from the boom at this time, many of the logs traveling as far as Chesapeake Bay.² None of the companies failed because of this flood, as far as the author was able to ascertain.

After this flood, the boom was strengthened, but there were quite severe floods in 1861 and in 1863.³ In the 1865 flood, known as the "St. Patrick's Flood", the entire boom was inundated, but was strong enough to withstand the great pressure of water.

(b) Flood of 1889.⁴

The most serious flood occurred on June 1, 1889, one day after the Johnstown Flood. During this flood, the Susquehanna River rose to an unprecedented height of 33 feet, 1 inch, above low water mark.

1. Meginniss-page 360; Col.Lloyd-pages 358-359;

2.Resources and Industries-page 44; 3. Ibid. page 44;

4. Meginniss-page 360; Col.Lloyd-page 359; Defebaugh-page 598.

This huge wall of water was three feet over the boom piers.

The Susquehanna Boom might have withstood the flood, but the boom at Lock Haven broke, hurling 40,000,000 feet of logs down on the Williamsport Boom. This latter boom broke, resulting in a loss of about 200 million feet of logs.

As in the case of previous floods, some logs were carried to Chesapeake Bay and the Atlantic Ocean. Many millions of feet were recovered along the river, and mills were hastily put up to cut the rescued logs into lumber.

The West Branch Valley suffered losses of 25 to 30 millions of dollars, while the lumber industry of the valley sustained a loss of \$4,000,000. Many companies failed, but the names of these ill-fated firms could not be secured.

(c) Flood of 1894.¹

After the flood of 1889, many lumber firms became bankrupt, as mentioned above. Those which did remain in business, suffered much damage in the flood of May, 1894. Because of this flood, more unidentified companies disappeared or moved their mills back in the woods near the source of raw materials. The few companies which were left either enlarged their mills or else consolidated with other companies.

1. Defebaugh--page 594.

3. Other phases of financial development of 14 lumber companies.

(a) Labor difficulties--The Sawdust Riot of 1872.¹

The so-called "Sawdust Riot" was the only serious labor difficulty encountered. The strike lasted three weeks, from July 1, 1872 to July 22, 1872.

The majority of sawmill workers did not wish to strike, but as is often the case, four or five outsiders succeeded in stirring up resentment against the proprietors of the various mills. These outsiders, James Bermingham, Thomas Greevy, Andrew Whitten, and Thomas Blake, had no connection whatever with the lumber industry, but tried to organize the workers into a radical union.

The agitators told the workers to demand a reduction in working hours from $11\frac{1}{2}$ to $10\frac{1}{2}$ hours, also to demand wages equal to the \$1.75 per day which most of the men were receiving at the time. As about 3000 men were employed in the Williamsport sawmills, it can easily be seen that a general strike would seriously affect the operation of the mills.

In the summer season, the mills had to work long hours in order to keep down the supply of logs in the boom. When the strike was started, the boom was filled, containing 300 million feet of logs.

1. Meginniss--page 362; Co. Lloyd--pages 585-588;
Defebaugh--pages 601-602; "Williamsport Riots"--news stories.

The strike leaders led daily mobs to all the mills in the vicinity, to close them by force. Many persons were seriously injured during the progress of these riots, but no lives were lost.

On the twenty-second day of July, 1872, Mayor Starkweather of Williamsport, asked Governor Geary at Harrisburg for help. About 375 militia were sent to the scene of the disorder and the strikers were quickly subdued. The ringleaders were arrested and sentenced to a year in jail, but the governor pardoned them before any of the sentences had been served.

During the three-week strike, the mill-owners lost much valuable time and money, although the amount could not be judged, by getting behind in their lumber shipments. When the argument had been settled, the owners agreed on a $11\frac{1}{2}$ hour day, except for 10 hours on Saturdays. Also wages were increased on an average of \$.25 per day. In most cases, the proprietors granted more concessions than the strikers had demanded.

All the strikers were glad to get back to work and help support their families. No other disastrous labor difficulties were encountered by the lumber industry after the "Sawdust Riots".

4. Organization of the West Branch Lumbermen's Exchange.¹

The West Branch Lumbermen's Exchange was incorporated as a non-profit company in 1872. The chief purpose of this company was to see that each lumber company received the proper logs, As each mill had its individual mark stamped into the end of every log, this was a comparatively simple task. The Exchange saved the mills much money, by practically eliminating the expense of lost logs.

All the companies contributed to a pool from which funds were derived to pay the salary of an overseer and the wages of a few helpers. This overseer was responsible for getting the logs from the boom and seeing that made-up rafts were delivered to their right owners.

After the floods of 1889 and 1894, the Exchange did a very serviceable piece of work. As all the logs had broken out of the boom during these two floods, they were scattered along the banks of the Susquehanna River and some went as far as the Chesapeake Bay and the ocean.

Immediately after these floods, the Exchange sent men along the banks to reclaim the logs. At places where the logs were the thickest, portable mills were set up and the accumulation of logs was cut into lumber.

1. Meginniss--pages 362-363; Defebaugh--pages 603-604; Resources and Industries--page 47.

The Exchange arranged with the owners of the logs to sell them to these various portable mills. In this way, the value of the logs was not totally lost.

About 1896, the sawmills began to move back into the woods, especially after the white pine had been cut off. There were three reasons for this wholesale shifting of mills. By far the most important of these was that by this moving of the mills the high toll on logs in the boom could be eliminated. Then, too, the cost of hauling rough lumber was practically the same, whether the point of origin was in Williamsport or in the woods. A third reason for shifting the mills was that by locating near the source of supply of raw materials, orders could be filled more quickly, and a bigger cut could be made, since there was no need to wait for the spring freshets to "snake" the logs out to the mills.

After the majority of mills moved to the woods, the business conducted by the Susquehanna Boom rapidly diminished. Naturally, the Lumbermen's Exchange could not keep going, and it was abolished in 1905.

5. Expansion of market.¹

When the lumber industry first started in Lycoming County, there were no shipments made outside of the town of Williamsport. However, after the year 1800, rafts of logs were started down the river to Harrisburg and as far south as Marietta, Maryland. The rafting of logs

1. Col. Lloyd--pages 508-512

was continued until the flood of 1889, but declined rapidly when railroads and canal boats were started.

When the canals were being used as a method of transportation (from 1833 to 1870), much lumber was sent to Philadelphia and other eastern markets by this means. Canals soon were running in competition with the lumber rafts, although the rafts were cheaper to use for transporting lumber to market.

In 1853, the first railroad to enter Williamsport started cutting in on this competition. Because the railroad was faster, it succeeded in getting the business, thereby putting the slow canals and rafts out of usage. The railroad caused the lumber market to be broadened almost indefinitely. Thus, the Williamsport sawmills were able to get rid of their surplus product in this manner. In the latter stages of the industry, a few of the mills even received the logs from the woods, by hauling them to the mills on railroad cars.

6. Lumber fires.¹

This last factor in the development of the lumber companies is quite important. Lumber fires did not very often occur in Williamsport. All the major fires which did happen were of incendiary origin. From 1862 to 1900, the Susquehanna River and its banks were usually lined with lumber piles, sawmills, and logs, thus making a

¹. Williamsport Gazette and Bulletin-125th Anniversary Edition, published Nov. 8, 1926--page 72.

most inflammable section. Sometimes the reflection in the sky from these fires which started could be seen nearly a hundred miles away, in Elmira, N.Y. and in Harrisburg, Pa.

The first highly disastrous fire was discovered shortly after midnight on Saturday, April 11, 1874. This fire was started in two lumber piles in the Brown, Early and Company lumber yard. Before the flames were controlled thirty acres of ground had been burned over and 30 million feet of lumber, the sawmill of Filbert, Otto and Co., and the planing mill of Krouse, Herdic and Co. had gone up in smoke. The lumber yards of Brown, Early and Co., P. Herdic and Co., and Filbert, Otto and Co., which had been piled solidly with valuable pine lumber, were swept clean.

Because of the way in which lumber piles were fixed for drying purposes, the fires were hard to control. Each pile of lumber was constructed of layers of boards with regular interstices and each of these created its own particular draft through the pile, so that the fire burned more fiercely. The terrific heat created a strong upward current which became a regular whirlwind carrying blazing boards and heavy planks high into the air. Water from fire hoses became steam, because of the intense heat, almost before it reached the flames.

The one and only way to fight such a fire was to get in front of it, create a fire lane by tearing down piles of lumber and standing the boards on end solidly against the piles on the opposite side of the lane, and then concentrate the fight on keeping these upright boards so wet that the heat could not set them on fire. Sometimes this had to be repeated time after time because the flames leaped across the fire lane, or burning boards carried the fire over.

This first fire gained so much headway that the mayor of Williamsport asked for the aid of fire companies in surrounding towns. The aggregate loss from this fire was estimated at \$150,000, but with present lumber prices it would have been more than double that figure.

On the evening of April 28, 1876, another big lumber fire occurred and, before it was extinguished, ten acres had been burned over, much of which was included in the area burned over in the fire of 1874. This fire, also of incendiary origin, consumed 8 million feet of lumber, valued at that time at \$125,000.

A week later, on the night of Saturday, May 6, 1876, a third big incendiary fire was discovered. The heat from this fire was so over-powering that the firemen had to stand up to their necks in the river canal to keep from sustaining severe burns.

The mention of these great lumber fires illustrates the uncertainty of continuous production of the sawmills in the Williamsport area.

7. Allied industries dependent upon the lumber industry.
(1854-1925).

(a) Promotion, organization and development of planing¹
mills.

Planing mills were started as a necessary adjunct to the rapidly growing lumber industry, in 1854. At this time there was a building boom in Williamsport, and builders required a more rapid method of surfacing and dressing lumber for building purposes. Up to and including this time, unless the finished materials were brought in from Philadelphia planing mills, Williamsport builders had to finish the rough lumber by hand, so a local planing mill was welcomed.

William McCann and Hiram Crafts attempted to promote a planing mill in 1854, but a lack of financial means caused the promotion to be dropped. In the next year, 1855, George Banger came from Philadelphia and bought an interest from McCann and Crafts, after which they called their organization Banger and Company. The company then began to thrive and it manufactured such products as flooring, siding, surfacing of lumber, sashes, doors, blinds and mouldings. Banger later bought out his partners, ran the mill alone for a while, then sold out to Brown, Early and Company, who added the manufacture of shingles to the list of other products.

The author was able to find the original capitalization figures for four planing mills,² although many more were undoubtedly in existence from 1854 to 1900.

1. Meginniss--pages 355-356; Resources and Industries--pages
2. Recorder's Office-Grantor Index vol. I and II. 51-52.

Name of Company (planing mill)	Services rendered, purpose, or products produced	Form of organization	Date of formation	No. of directors or owners	Common stock	Amount of capital (partnerships)
1. Millwork + Mantel Co.	planing general	partnership	1874	3 partners	—	\$4000
2. National Planing Mill Co.	" " "	"	1885	5 "	—	1000
3. Williamsport Planing Mill Co.	" " "	corporation	1886	5 directors	\$25,000	—
4. Wyckoff Pipe Co.	" " "	"	1894	5 "	50,000	—

The Mill Work and Mantel Company was established in 1874 as a partnership, with a capital of \$4,000. Three thousand dollars were paid in at the time of organization, the remaining thousand to be received before 1892.

The National Planing Mill Company (1885) had the very small capital of \$1,000. There were five partners, each having \$200 in the business.

In 1886, the Williamsport Planing Mill Company was organized with a capital stock of \$25,000, divided into 250 shares of common stock at \$100 par. Nineteen thousand was subscribed by real estate and the other six thousand by personal property.

The Wyckoff Pipe Company, really a planing mill, was chartered in 1894, with a capitalization of \$50,000, divided into 1,000 shares of common stock, at a par of \$50.

During the prosperous period, from 1870 to 1900, of planing mill business, it has been estimated that the total capitalization did not exceed \$250,000, while the value of the product was \$400,000.

(b) Promotion, Organization and development of furniture¹ factories.

The furniture industry was a natural outgrowth of the lumber industry and the planing mill industry. Although it was started later than the planing mills, the furniture industry has become more important in the industrial development of Williamsport. Many furniture com-

1. Meginniss--pages 363-364; Col. Lloyd--pages 454-456; Resources and Industries--pages 52-54.

panies were started before the lumber industry had died out, but now all the raw materials for these furniture factories have to be imported from other lumber areas.

The first furniture factory was not established until 1882 by John A. Otto's Sons, a planing mill. The Williamsport Furniture Company was originally a partnership concern, and reorganized in 1882 as a limited liability company. By 1890, the paid-up capital was \$180,000. This was divided into 3600 shares of common stock, with a par value of \$50. This last company manufactures bedroom furniture exclusively.

The National Furniture Company, also chartered in 1882, had a capital of \$24,200, all in the form of real estate and personal property. Common stock, with a par of \$50, was issued in payment of the property turned over to the company.

In 1891, the Otto Furniture Company was chartered, with a capital of \$170,000, divided into 1700 shares of common stock at \$100. In the same year, the Culler and Hawley Furniture Company was also started. This firm was capitalized at \$20,000, with 200 shares of common stock at \$100. These last two companies manufactured a full line of household furniture.

The J.K. Rishel Furniture Company was formed in 1896, with a capital of \$70,000 (700 shares of common at \$100). This company specializes in dining and bedroom suites, and matched office suites.

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W.D.Crooks and Sons (1909) started with \$100,000 capital, divided into 1000 shares of common at \$100. The doors made by this company are known far and wide as "Crooks doors".

The Crooks-Dittmar Company (later known as the Cromar Company) was established in 1921 with a capital stock of \$200,000, divided into 2000 shares of common stock at \$100. This company is famous for being the manufacturer of factory finished oak flooring, known as Cromar.

The latest furniture company to be chartered was the Williamsport Building Products Company in 1925. This company was capitalized at \$200,000 and had 2000 shares of common stock at a par value of \$100.

From the foregoing material¹ it is found that furniture factories, as a general rule, required a much higher capitalization than was needed in either a sawmill or in a planing mill. This is true because the outlay for the factory buildings, machinery, skilled labor, high grades of materials etc. was greater for a highly specialized industry such as the furniture industry. Roughly speaking, the capitalization of the furniture industry in Williamsport from 1890 to 1933, has always exceeded a million dollars, with five large companies dominating the field.

1. Register and Recorder's Office--Grantor Index-vol.
I and II.

Name of company (furniture)	Services rendered, purpose, or products produced	Form of organization	Date of formation	No. of directors or owners	Common stock	Amount of capital? (partnerships)
1. Wm. S. P. Furniture Co.	bedroom sets	corporation	1882	5 directors	\$ 180,000	—
2. National Furniture Co.	general	"	1882	5 "	24,200	—
3. Otto Furniture Co.	"	"	1891	5 "	170,000	—
4. Carter & Hawley Furniture Co.	"	"	1891	5 "	20,000	—
5. H. K. Fisher Furniture Co.	dining & bedroom	"	1896	5 "	70,000	—
6. W. D. Crooks & Sons	doors	"	1909	5 "	100,000	—
7. Crooks - Dittmer Co.	oak flooring	"	1921	5 "	200,000	—
8. Wm. S. P. Bldg Products Co.	general	"	1925	5 "	200,000	—

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V. Explanation, Observation,,and Interpretation af Facts
Presented Above.

(a) Promotion methods and reasons.

Unlike some major industries, the promotion methods used in the Williamsport lumber industry were quite similar in structure. With the exception of the first sawmill (the "Big Water Mill"), all the sawmills studied by the author were promoted by the comparison method of estimated earnings.¹

The "Big Water Mill" was promoted by a group of Philadelphia financiers who had the foresight and vision to invest money in a sawmill in Williamsport. Although the original corporation failed, the subsequent owners, Perkins, and then Herdic, made a good profit from the mill's operation.

After the first mill proved to be such a remarkable success, many Williamsport men decided to erect mills of their own. For a time there was a rush to complete sawmills and get some of the business. But, as is so often the case, the local market was soon saturated.

About the year 1850, shipments of lumber to Philadelphia were started. This widened the lumber market and more millâ were erected. Of course, the Civil War proved a great boon to the lumber industry and by 1870, Williamsport was known throughout the United States as the "Lumber City".

1. See pages 19-24.

Williamsport could not hold this title for many years, because by 1895, the mountains nearby had been stripped of timber. During the 1889 flood¹, the boom on the Susquehanna River was completely carried away and nearly 300 million feet of timber escaped,, only half of which was eventually recovered. The boom was not entirely rebuilt, because many companies were moving back into the woods to be near the source of supply. By 1900, the lumber industry had just about died out, and to-day (1933) there are no sawmills in Williamsport.

The author was unable to find any cases where canvassing was used to try and estimate the earnings of the companies which were being promoted. In nearly all of the cases, the promoter, who was probably a man with timber tracts, would show his friends, or interested bankers, that a certain company was making profits from a set-up similar to the one which he proposed. The result was usually a new company which would be successful, provided the sale price of cut lumber was high enough to cover operating expenses and still give a fair return on the investment.

In the case of the booms, the first boom was promoted by Major Perkins because he could see the need for a boom when the industry had become better developed. All the other booms were promoted to fill the need in different sections of the county.

1. See pages 30-31.

Planing mills were also promoted to fill an urgent need. Prior to the time of their establishment (first mill in 1854), all finished lumber had to be imported from Philadelphia, or else the builder had to finish the lumber by hand. Consequently, planing mills were promoted chiefly because time and money could be saved by having the mills in Williamsport.

The furniture factories, like planing mills, were promoted to fill a need in the community. People who had been buying furniture outside the town, could now get better service and just as good quality from home industries.

(b) Types of organization and reasons.

(1) Simple business units.

The first lumber mills were started as individual proprietorship ventures, or partnerships, as is the case in the beginnings of any industry. A man with a timber tract would start cutting the logs with no outside help, or two or more men would decide to be partners and split the profits. In this latter case, one man would usually furnish the timber and the other would put up cash for his interest in the partnership. Corporations were virtually non-existent until 1860, with the exception of the "Big Water Mill" organized in 1838.

When the Civil War caused more mills to be built, most of these mills were incorporated. Eleven of the fourteen companies found by the author were incorporated, while the other three remained throughout the period from 1870 to 1900 as partnerships. More companies were

incorporated during this period, because the small investors wanted some place to invest their funds. The corporate form of organization was an ideal plan whereby the small investors could secure a share in the business.

There were no cases found where companies organized under the joint adventure, joint stock company, or Massachusetts trust (business trust) ideas of organization.

All the booms in the Williamsport area were organized as corporations¹. This was probably because the capitalization was so great that the small investor had to be allowed to share in the ownership of the booms.

Of the four planing mills² found, two were partnerships and two were corporations. Although the last two companies found are corporations, there seems to be no particular reason why partnerships could not be used with just as good results.

Six of the seven furniture companies³ found were organized as corporations. The seventh company, the Williamsport Furniture Company, started as a partnership and later became incorporated. As in the case of the booms, the corporate type of organization was excellent from the standpoint of the small investor as well as a suitable means for the company to secure the necessary capital to start the business.

1. See page 26; 2. See page 40; 3. See pages 41-42.

(2) Methods of consolidation and reasons.

The only consolidations in the early lumber firms were conducted for the sake of convenience, and seldom with any idea of financial advantage. For example, two or more small companies might, by consolidating, be able to carry on a broader range of business. In these instances, a simple consolidation was usually effected, with the interest-holders of the original companies controlling the workings of the consolidations. In the fourteen companies which the author studied, there were no consolidations found, but historians and residents of the city during the prosperous period of the lumber industry aver that consolidations occurred.

By 1870, consolidations became more prominent in the lumber industry. At this time there were seventy-five mills in and around Williamsport. Soon consolidations became all-important, with the largest companies trying to out-do each other in regards to the number of mills acquired. Because of the frequent floods and the ever-present fire hazard, for which insurance rates were practically prohibitive, many companies could not remain financially independent.

Especially after the 1889 flood there were a large number of consolidations. By 1902 there were only nine major companies, and by 1907 this number had dropped to three. All the others had been eliminated by consolidations, lack of finances, or shortage of timber tracts.

(c) Methods of financing lumber companies and reasons.¹

The early companies really "started from scratch" and did not have any large outlays of cash. The substitute for cash was the labor expended by the small mill-owners in building up their enterprises. Logs were secured from men with timber tracts. These men cut the logs and brought them to the mills.

About 1850 when limited partnerships were coming into prominence, one or more of the partners would donate timber tracts as his interest in the business, while the remaining partners would furnish a mill or cash for their shares. In this way, there was enough cash on hand to meet current expenses until the company became a paying proposition.

The coming of the corporate enterprises introduced stock sales to the lumber industry. Previous to this time, only those actively connected with the business were owners, and no outsiders were able to invest.

The organization of corporations opened the way for larger fields of investment opportunity to the small investor. In the lumber industry, as well as in other industries, the small investor provided the necessary capital for financing the companies which had been incorporated. Common stock in corporations could be sold to any person with the necessary cash.

1. See pages 19-24.

Preferred stock was undoubtedly not used in the lumber industry, because of the speculative nature of the business. None of the companies could guarantee positively that dividends would be paid, so all the stocks issued were common.

The absence of bonds throughout the life of the lumber industry is not such a peculiarity as it seems. However, notes or mortgages, which may be considered as bonds, were given by the companies to the banks when the companies wished to borrow cash for a period of sixty to ninety days. None of these mortgages were sold to the public, but were held by the lending bank.

(d) Failure and disappearance of companies and reasons.

Most of the lumber companies which failed or disappeared lost out through so-called "acts of God".¹ Examples of these were the floods which carried many logs out of the boom, and forest or lumber pile fires which ruined timber lands or put the companies in serious financial straits. Insurance for these contingencies was usually prohibitive because of high rates.

Other firms forgot to provide for a sufficient growth of timber lands and thus lost out when their available lands were cut over. After the beginning of the twentieth century, the large lumber markets of the world began to buy more lumber from the north-western part of the United States, so a few companies were affected by this shift of market. This shift occurred because the

1. See pages 30-33; 36-38.

timber resources of Pennsylvania had been nearly depleted. Conservation of the forests was not practiced until it was too late for the lumbering companies to regain their prestige in the lumber markets.

Many of the firms which got into financial difficulties as a result of fires or floods, were absorbed by the stronger companies which had fared better. The author, however, could find no specific instances where this kind of phenomenon occurred. Peter Herdic, who had the controlling interest in several companies, was said to have carried on so much outside speculation that many of his companies were forced out of business.

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- (d) Harry Blair--former book-keeper for Tinsman Lumber Co.
- (e) O. R. Howard Thomson- librarian, J. V. Brown Library,
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**End of
Title**